



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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<b>Drafting Number:</b>	LLS 23-0656	<b>Date:</b>	March 23, 2023
<b>Prime Sponsors:</b>	Sen. Cutter; Baisley Rep. Titone; Weinberg	<b>Bill Status:</b>	Senate Business, Labor & Tech.
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**Bill Topic:** RESTORE CURRENT PAY PERIODS FOR STATE EMPLOYEES

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**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill repeals sections of statute that reference bi-monthly pay, a policy that was never implemented by the Department of Personnel and Administration. The bill will minimally increase workload for the DPA for FY 2023-24, and codifies current pay practices, which may result in one-time expenses for state agencies when employees shift to bi-weekly pay.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The fiscal note reflects the introduced bill.

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## Summary of Legislation

**Background.** In 2015, the General Assembly passed House Bill 15-1392, which required state employees to be paid on a bi-monthly basis (twice per month) starting in 2017.<sup>1</sup> Senate Bill 16-215 allowed the Department of Personnel and Administration to determine when to begin paying salaries twice per month if implementation of a new HR and payroll system made it necessary to delay the change past July 1, 2017.<sup>2</sup> The new HR and payroll system was not procured, and bi-monthly pay was not implemented. Thus, state employees, depending on their hire date and their employer's policies, are currently paid either monthly or bi-weekly. Employees paid monthly from the General Fund are subject to the General Fund paydate shift in June of each year; employees paid bi-weekly are not subject to the paydate shift.

**Provisions of SB 23-180.** This bill removes provisions in statute referencing bi-monthly pay periods, as well as a loan program to assist employees transition to the new pay periods under HB 15-1392. The bill amends statute to allow state employers to only pay employees on a monthly or bi-weekly basis, and makes conforming amendments.

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<sup>1</sup> House Bill 15-1392: [Bill text](#) and [fiscal note](#) available online.

<sup>2</sup> Senate Bill 16-215: <https://leg.colorado.gov/bills/sb16-215>

## **State Expenditures**

The bill affects workload in the DPA and codifies current pay practices for state agencies. The latter may result in one-time personal services costs, incurred over time, as additional employees shift to bi-weekly pay. These impacts are described below.

**Department of Personnel and Administration.** The Department of Personnel and Administration will have increased workload in FY 2023-24 to update materials to remove obsolete provisions concerning bi-monthly pay and ensure that they only reference bi-weekly and monthly pay for state employees. This change in workload is expected to be minimal and not require any appropriations.

**Personal service costs.** Bi-monthly pay periods, if implemented per HB 15-1392, would have retained the state's General Fund payday shift. By removing these provisions, the bill will retain the status quo situation under which some employees who are paid monthly are subject to the payday shift, and other who are paid bi-weekly are not.

Currently, some state agencies are in the process of transitioning their employees to bi-weekly pay from monthly pay, in accordance with State Personnel rules and the 2021 agreement between the state and the Colorado Workers for Innovative and New Solutions. This bill aligns statute with these practices, which will result in additional state employees transitioning from monthly pay to bi-weekly pay. This will lead to state agencies paying 13 months of salary for employees in the year when the transition occurs (i.e., June salary for the prior fiscal year plus all 12 months in the current year, since the following June salary is not shifted).

Agencies that offer this option to employees will have a one-time expense to unwind the payday shift each time an employee makes the transition from monthly to bi-weekly pay. It is assumed that agencies will use vacancy savings and other available funds to cover these costs as they occur, and that any additional appropriations, if necessary, will be addressed in the annual budget process.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State and Local Government Contacts**

All State Agencies